

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

Retail Access Optimization Initiative, 2011

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Docket No. N2011-1

VALPAK DIRECT MARKETING SYSTEMS, INC. AND
VALPAK DEALERS' ASSOCIATION, INC.
FIRST INTERROGATORIES AND REQUESTS FOR
PRODUCTION OF DOCUMENTS TO UNITED STATES POSTAL SERVICE
WITNESS JAMES J. BOLDT (VP/USPS-T1-1-12)
(August 30, 2011)

Pursuant to sections 25 and 26 of the Postal Rate Commission rules of practice, Valpak Direct Marketing Systems, Inc. and Valpak Dealers' Association, Inc. hereby submit interrogatories and document production requests. If necessary, please redirect any interrogatory and/or request to a more appropriate Postal Service witness.

Respectfully submitted,

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VP/USPS-T1-1.

Please refer to USPS-T-1, p. 10, which mentions “transportation accessibility” at line 13. These questions address the existence of intra-city public transportation such as local busses. (Please disregard any inter-city public transportation, such as Greyhound busses.)

- a. Of the 2,800 facilities discussed in USPS-T-1, p. 15, ll. 1-4, does the Postal Service know how many are in communities served by some form of intra-community public transportation such as a bus line, and, for such communities, whether a bus stop generally is located at or within a short walk from the post office?
- b. In those communities with no public transportation, or no public transportation terminating close to the local post office, is it reasonable to assume that most of those residents currently access the post office by some form of private motor vehicle transportation, either their own, or that of a relative or neighbor?

VP/USPS-T1-2.

Is the population of the communities served by some of the 2,800 low workload post offices discussed in USPS-T-1, p. 15, ll. 1-4 less than the population of other communities that currently do not have a USPS-operated retail facility?

VP/USPS-T1-3.

39 U.S.C. section 403(a) requires that “[t]he Postal Service shall plan, develop, promote, and provide adequate **and efficient** postal services....” Additionally, section 403(b) states that “[i]t shall be the responsibility of the Postal Service ... (3) to establish and maintain

postal facilities of such character and in such locations, that postal patrons throughout the Nation will, **consistent with reasonable economies of postal operations**, have ready access to essential postal services.” (Emphasis added.) In view of this statutory requirement, please refer to USPS-T-1, p. 15, ll. 1-4, where you discuss 2,800 low workload offices.

- a. What percentage of those 2,800 offices had total annual operating costs that **exceeded** annual revenues in FY 2010?
- b. What percentage of those 2,800 post offices had annual costs that were (i) between 75 percent and 100 percent of annual revenues in FY 2010, and (ii) between 50 percent and 75 percent of annual revenues in FY 2010?
- c. For those offices whose annual costs **exceed** annual revenues, particularly by a significant amount, please explain whether the Postal Service considers those offices as providing **efficient** postal services, consistent with **reasonable economies** of postal operations.

VP/USPS-T1-4.

Please refer to USPS-T-1, pp. 15-16, where you state that “the Postal Service established a two-hour earned workload minimum, which is the number of hours per day that the lowest EAS grade Post Offices are open for retail business.”

- a. During FY 2010, what was the **average annual revenue** and **maximum annual revenue** earned by an office with such a two-hour earned workload minimum?
- b. Please provide the Postal Service’s best estimate of the **average annual cost** to operate an office with such a two-hour earned workload minimum?

VP/USPS-T1-5.

Your testimony at p. 13, ll. 18-20, states:

It should be emphasized that postal management is not pursuing the RAO Initiative in order to achieve any predetermined operating cost savings target in the postal retail network.

In light of your discussion about the Postal Service's financial condition discussed at p. 13, ll. 7-9 and trends (*e.g.*, increased use of alternative access for retail postal transactions) discussed at pp. 3-6, please explain why the Postal Service is not seeking a far higher reduction (*e.g.*, \$1 billion) in the cost of retail at this time.

VP/USPS-T1-6.

Please refer to USPS-T-1, p. 15, ll. 1-4, where you discuss 2,800 low workload offices.

- a. If the Postal Service maintains data indicating the total number of square feet of lobby space available to customers at each of these 2,800 offices, in how many facilities have lobby space available to customers of 100 square feet or less?
- b. For those facilities with very small lobby spaces, could the post office lobby realistically be considered a community meeting space?
- c. For those facilities which are open for only two hours per day, could the post office lobby realistically be a community meeting space?

VP/USPS-T1-7.

Please refer to NAPUS-T1-40 and your response thereto as regards the Postal Service's evaluation of various "non-business" or "non-economic" considerations concerning the importance or value of a post office to the local community.

- a. Has the Postal Service given consideration to requesting a Public Service appropriation from Congress to support those "non-business" or "non-economic" considerations for offices which cannot be justified on the basis of economic considerations, such as the offices' costs and revenues? If your answer is negative, and in light of the fact that mail volume and revenue are no longer capable of providing financial support for such offices, please explain why not.
- b. As a hypothetical, assume that the Internet, the rate cap, and alternative retail access now mean that mailers no longer can be forced to subsidize uneconomic post offices. Also assume that Congress refuses to provide any subsidy for uneconomic post offices, and the Postal Service's debt limit is reached. Please explain and discuss the means or source of funds from which the Postal Service foresees continued subsidization of uneconomic post offices.

VP/USPS-T1-8.

The Postal Service has a number of mobile retail vans, staffed by qualified Postal Service employees, capable of providing a number of retail services, including authoritative advice about mailing requirements and regulations. See, for instance, Docket No. N2009-1, Initial Brief of Valpak Direct Marketing Systems, Inc. and Valpak Dealers' Association, Inc,

pp. 22-24, and references therein. Currently, use of these mobile vans appears to be chiefly in urban areas. When considering alternate access as part of its RAO Initiative, please discuss the extent to which the Postal Service considered replacing brick-and-mortar facilities with a mobile retail van in rural areas to serve a number of small communities on a regular basis, *e.g.*, two hours a day on a schedule ranging from two-days-a-week to five-days-a-week.

VP/USPS-T1-9.

- a. Please refer to Docket No. N2009-1, Valpak Initial Brief, p. 21, and references cited there. Please update and provide data for the average cost per dollar of revenue generated from sale of stamps via different channels, as shown there, with the current or most recently available data.
- b. Please refer to the Postal Service's April 2002 *Transformation Plan*, p. 15 and App. K, p. K-2, which shows the average cost of selling each dollar's worth of postage stamps at a retail counter as \$0.24. Please update that datum with the current or most recently available data.
- c. For the 2,800 low-volume retail facilities discussed in your testimony at p. 15, does the Postal Service have a separate estimate for the average cost per dollar of revenue generated from sale of stamps? If so, please provide and explain the source.
- d. For any of the remaining 850 retail facilities discussed in your testimony, does the Postal Service have a separate estimate for the average cost per dollar of revenue generated from sale of stamps? If so, please provide and explain the source.

VP/USPS-T1-10.

Please refer to Docket No. N2009-1, Postal Service Response to VP/USPS-T1-9(a), Tr. 2/289-290. According to that response, the Postal Service then had approximately (i) 61,321 full-time equivalent retail associates and (ii) 13,751 working postmasters at approximately 32,000 locations.

- a. Please update and provide the above figures with the current or most recently available data.
- b. At the time those data were supplied, what percentage of the total work force did the 61,321 full-time equivalent retail associates and approximately 13,751 working postmasters represent?
- c. In a recent White Paper, the Postal Service projects a need in FY 2015 for only 425,000 employees. If the total workforce is reduced to 425,000 employees in FY 2015, under current plans, would not (i) full-time equivalent retail associates and (ii) working postmasters represent a higher percentage of total employees in FY 2015 than reported in Docket No. N2009-1?

VP/USPS-T1-11.

Your testimony, USPS-T-1, at p. 9, ll. 3-4, refers to “the 2006 Congressional mandate to expand and market a variety of alternate retail access channels.” Please confirm you are referring to the note to codified 39 U.S.C. section 3691.

VP/USPS-T1-12.

Please refer to USPS-T-1, pp. 15-16, where you state that “the Postal Service established a two-hour earned workload minimum, which is the number of hours per day that the lowest EAS grade Post Offices are open for retail business.”

- a. During FY 2010, what was the total number of Postal Service **offices** with a two-hour earned workload minimum?
- b. During FY 2010, what was the total number of Postal Service **employees** assigned to those offices with a two-hour earned workload minimum?
- c. During FY 2010, how many, or what percentage, of those employees assigned to offices with a two-hour earned workload minimum were full-time employees, and how many, or what percentage, worked less than full time?
- d. If your answer to preceding part b is that some retail facilities open only two hours per day had full-time employees, please provide a brief explanation of what those employees do during the other hours of the day when the office is not open for retail business.